



February 13, 2015

HOUSE BILL No. 1618

DIGEST OF HB 1618 (Updated February 11, 2015 2:57 pm - DI 96)

Citations Affected: IC 36-7.5.

Synopsis: South Shore line extension. Creates a program to provide state matching grants to the northwest Indiana regional development authority (RDA) for projects extending the Chicago, South Shore, and South Bend Railway (Railway). Requires the RDA to make certain commitments in order to receive a grant. Requires a return on investment analysis. Requires review of grant applications by the budget committee and approval by the budget agency. Appropriates \$9,400,000 annually from the state general fund for the program. Establishes the South Shore line transit oriented development fund (fund). Provides that the RDA administers the fund. Provides that a political subdivision that contributes county economic development income tax revenue received by the political subdivision to the extension of the Railway may apply for a grant from the fund for a project that conforms with the plan to extend the Railway.

Effective: July 1, 2015.

Slager, Soliday

January 22, 2015, read first time and referred to Committee on Roads and Transportation.
February 12, 2015, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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February 13, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1618

A BILL FOR AN ACT to amend the Indiana Code concerning transportation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-7.5-3-5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2015]: **Sec. 5. (a) There is established a grant program to provide**
4 **state matching grants for projects extending the Chicago, South**
5 **Shore, and South Bend Railway.**
6 **(b) To participate in the grant program, the development**
7 **authority must prepare an update to the comprehensive strategic**
8 **development plan prepared under section 4 of this chapter. The**
9 **update must include detailed information concerning the following:**
10 **(1) The proposed projects to be undertaken by the**
11 **development authority to extend the Chicago, South Shore,**
12 **and South Bend Railway using grants made under this**
13 **section.**
14 **(2) The commitments being made by the development**
15 **authority and political subdivisions in exchange for receiving**

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grants under this section.

(3) The following information for each project included under subdivision (1):

(A) The location of each project.

(B) A timeline and budget, including milestones that the development authority commits to achieving by the time specified.

(C) The expected return on investment.

(D) Any projected or expected federal and local matching funds.

(c) To receive a matching grant under this section, the development board must adopt an authorizing resolution and submit the updated plan along with a grant application to the budget agency for approval, after review by the budget committee.

(d) The development authority may not provide any funding to a political subdivision to carry out a project using a grant made under this section unless the political subdivision has committed at least twenty percent (20%) of the annual county economic development income tax revenue received by the political subdivision to satisfy the matching requirement set forth in subsection (g).

(e) The development authority may use county economic development income tax revenue contributed by Porter County or a political subdivision located in Porter County only to fund transit projects in Porter County.

(f) The development authority may use county economic development income tax revenue contributed by Lake County or a political subdivision located in Lake County only to fund transit projects in Lake County.

(g) A grant may not be approved under this section, unless the budget agency finds all of the following:

(1) The development authority commits to at least nine million four hundred thousand dollars (\$9,400,000) of annual funding for the projects.

(2) The various political subdivisions commit county economic development income tax revenue that totals at least three million two hundred thousand dollars (\$3,200,000) annually for the projects.

(3) The development authority commits to an annual return on investment that, within twenty (20) years after the first grant is made for the projects, is at least twice the annualized amount of the grant requested. The return on investment



1 must be measured by the annual amount of incremental state
 2 fiscal year increases to state sales and state income taxes that
 3 are projected to be collected as a direct result of the projects,
 4 as determined by the budget agency. Projections to determine
 5 the return on investment must be provided in detail by the
 6 development authority and evaluated by the office of
 7 management and budget.

8 (h) If projects that will be financed are approved under this
 9 section, the budget agency may, after review by the budget
 10 committee, approve a grant, comprised of a series of annual grants,
 11 not to exceed thirty (30) years, that is consistent with the financing
 12 requirements for the approved projects. In such a case, the general
 13 assembly covenants that it will not:

14 (1) repeal or amend this section in a manner that would
 15 adversely affect owners of outstanding bonds, or payment of
 16 any lease rentals, secured by grants made under this section;
 17 or

18 (2) in any way impair the rights of owners of bonds of the
 19 development authority, or the owners of bonds secured by
 20 lease rentals, secured by grants made under this section.

21 The budget agency shall allot the appropriation for the duration of
 22 the grants that are needed to complete the approved projects.

23 (i) If a grant is made under this section, the development
 24 authority shall in July of each year through 2045, submit an annual
 25 progress report to the budget agency. The budget agency shall
 26 review each annual progress report and make a determination
 27 before October 1 each year whether the commitments made to
 28 receive approval of the grant are being satisfied. If the budget
 29 agency finds that any default occurs with regard to any
 30 commitment, the budget agency shall cause the development board
 31 and development authority to take all actions necessary to cure the
 32 default as soon as practicable.

33 (j) There is annually appropriated from the state general fund
 34 to the budget agency nine million four hundred thousand dollars
 35 (\$9,400,000) each state fiscal year through June 30, 2045. The
 36 budget agency shall use the appropriation exclusively for making
 37 matching grants to the development authority for approved
 38 projects set forth in the comprehensive strategic development plan
 39 update and the grant application required by this section. Money
 40 remaining from the appropriation at the end of a state fiscal year
 41 does not revert to the state general fund, but remains available to
 42 the budget agency for the purposes of this section.



(k) Each year, the following must be deposited in the South Shore line transit oriented development fund established under section 6 of this chapter:

(1) Money that:

(A) is granted by the state under this section during the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

(2) Money that:

(A) is committed by the development authority under this section for the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

(3) County economic development income tax revenue that:

(A) is committed by a political subdivision under this section for the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

SECTION 2. IC 36-7.5-3-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) As used in this section, "fund" refers to the South Shore line transit oriented development fund established under subsection (b).

(b) The South Shore line transit oriented development fund is established within the treasury of the development authority as a restricted fund for the purpose of holding money to be used to provide matching grants for projects that:

(1) are related to the extension of the Chicago, South Shore, and South Bend Railway; and

(2) are approved by the development authority under this section.

(c) The fund consists of the following:

(1) Appropriations by the general assembly.

(2) Contributions by the development authority.

(3) Contributions of county economic development income tax revenue received by the fund in accordance with section 5 of this chapter.

(4) Federal grants.

(5) Gifts.

(d) The development authority shall administer the fund.

(e) Money in the fund that is not needed to satisfy the obligations of the fund may be invested in the manner that other



1 public money may be invested. Interest or other investment returns
 2 received on investments of money in the fund becomes part of the
 3 fund.

4 (f) An account within the fund is established for each political
 5 subdivision that has committed county economic development
 6 income tax revenue under section 5(d) of this chapter.

7 (g) For each deposit of money in the fund, the part that is to be
 8 credited to each political subdivision's account is equal to:

9 (1) the amount of the deposit of money in the fund; multiplied
 10 by

11 (2) a fraction equal to:

12 (A) the political subdivision's expected contribution of
 13 county economic development income tax revenue under
 14 section 5 of this chapter for the year in which the deposit
 15 is received, as estimated by the budget agency; divided by
 16 (B) the sum of all the political subdivisions' expected
 17 contributions of county economic development income tax
 18 revenue under section 5 of this chapter for the year in
 19 which the deposit is received, as estimated by the budget
 20 agency.

21 (h) Money held in the fund may be disbursed from the fund only
 22 for the following reasons:

23 (1) To provide matching grants in accordance with the
 24 requirements of this section.

25 (2) To pay the expenses of the development authority in
 26 administering the fund.

27 (3) To return money to the entity that contributed the money
 28 to correct an error in the contribution amount or because the
 29 money is no longer needed for the purpose for which the
 30 money was contributed.

31 (i) A matching grant from the fund is subject to the following
 32 constraints:

33 (1) Money in the Porter County account may be used only for
 34 transit projects in Porter County.

35 (2) Money in the Lake County account may be used only for
 36 transit projects in Lake County.

37 (3) The amount of a matching grant approved under this
 38 section is equal to the lesser of:

39 (A) the amount in the applicant political subdivision's
 40 account; or

41 (B) the amount that the applicant political subdivision
 42 commits to contribute to the proposed project from other



1 sources.

2 (4) The development authority shall disburse a matching
3 grant from the fund in installments, commensurate with the
4 progress of the project.

5 (j) A political subdivision that has committed county economic
6 development income tax revenue under section 5(d) of this chapter
7 may apply for a matching grant from the fund in the manner
8 prescribed by the development authority.

9 (k) The development authority shall evaluate an application by
10 a political subdivision for a matching grant from the fund
11 according to the following criteria:

12 (1) The degree to which the project conforms with the part of
13 the comprehensive strategic development plan that is
14 concerned with the extension of the Chicago, South Shore, and
15 South Bend Railway.

16 (2) Any other criteria prescribed by the development
17 authority.

18 (l) If the development authority approves an application
19 submitted under this section by a political subdivision, the
20 development authority shall notify the political subdivision and
21 make the matching grant in accordance with this section. The
22 development authority shall reduce the balance of the political
23 subdivision's account by the amount of the matching grant
24 approved by the development authority.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Roads and Transportation, to which was referred House Bill 1618, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 18, delete "its" and insert "**the**".

Page 2, line 19, after "revenue" insert "**received by the political subdivision**".

Page 2, line 20, delete "(e)." and insert "**(g).**".

Page 2, between lines 20 and 21, begin a new paragraph and insert:

"(e) The development authority may use county economic development income tax revenue contributed by Porter County or a political subdivision located in Porter County only to fund transit projects in Porter County.

(f) The development authority may use county economic development income tax revenue contributed by Lake County or a political subdivision located in Lake County only to fund transit projects in Lake County."

Page 2, line 21, delete "(e)" and insert "**(g)**".

Page 2, line 41, delete "(f)" and insert "**(h)**".

Page 3, line 14, delete "(g)" and insert "**(i)**".

Page 3, line 24, delete "(h)" and insert "**(j)**".

Page 3, after line 33, begin a new paragraph and insert:

"(k) Each year, the following must be deposited in the South Shore line transit oriented development fund established under section 6 of this chapter:

(1) Money that:

(A) is granted by the state under this section during the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

(2) Money that:

(A) is committed by the development authority under this section for the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

(3) County economic development income tax revenue that:

(A) is committed by a political subdivision under this section for the year; and

(B) is not used to pay debt service on outstanding bonds or the lease rental payments for projects under this section.

SECTION 2. IC 36-7.5-3-6 IS ADDED TO THE INDIANA CODE



AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 6. (a) As used in this section, "fund" refers to the South Shore line transit oriented development fund established under subsection (b).**

(b) The South Shore line transit oriented development fund is established within the treasury of the development authority as a restricted fund for the purpose of holding money to be used to provide matching grants for projects that:

- (1) are related to the extension of the Chicago, South Shore, and South Bend Railway; and**
- (2) are approved by the development authority under this section.**

(c) The fund consists of the following:

- (1) Appropriations by the general assembly.**
- (2) Contributions by the development authority.**
- (3) Contributions of county economic development income tax revenue received by the fund in accordance with section 5 of this chapter.**
- (4) Federal grants.**
- (5) Gifts.**

(d) The development authority shall administer the fund.

(e) Money in the fund that is not needed to satisfy the obligations of the fund may be invested in the manner that other public money may be invested. Interest or other investment returns received on investments of money in the fund becomes part of the fund.

(f) An account within the fund is established for each political subdivision that has committed county economic development income tax revenue under section 5(d) of this chapter.

(g) For each deposit of money in the fund, the part that is to be credited to each political subdivision's account is equal to:

- (1) the amount of the deposit of money in the fund; multiplied by**
- (2) a fraction equal to:**
 - (A) the political subdivision's expected contribution of county economic development income tax revenue under section 5 of this chapter for the year in which the deposit is received, as estimated by the budget agency; divided by**
 - (B) the sum of all the political subdivisions' expected contributions of county economic development income tax revenue under section 5 of this chapter for the year in which the deposit is received, as estimated by the budget**



agency.

(h) Money held in the fund may be disbursed from the fund only for the following reasons:

- (1) To provide matching grants in accordance with the requirements of this section.
- (2) To pay the expenses of the development authority in administering the fund.
- (3) To return money to the entity that contributed the money to correct an error in the contribution amount or because the money is no longer needed for the purpose for which the money was contributed.

(i) A matching grant from the fund is subject to the following constraints:

- (1) Money in the Porter County account may be used only for transit projects in Porter County.
- (2) Money in the Lake County account may be used only for transit projects in Lake County.
- (3) The amount of a matching grant approved under this section is equal to the lesser of:
 - (A) the amount in the applicant political subdivision's account; or
 - (B) the amount that the applicant political subdivision commits to contribute to the proposed project from other sources.
- (4) The development authority shall disburse a matching grant from the fund in installments, commensurate with the progress of the project.

(j) A political subdivision that has committed county economic development income tax revenue under section 5(d) of this chapter may apply for a matching grant from the fund in the manner prescribed by the development authority.

(k) The development authority shall evaluate an application by a political subdivision for a matching grant from the fund according to the following criteria:

- (1) The degree to which the project conforms with the part of the comprehensive strategic development plan that is concerned with the extension of the Chicago, South Shore, and South Bend Railway.
- (2) Any other criteria prescribed by the development authority.

(l) If the development authority approves an application submitted under this section by a political subdivision, the



development authority shall notify the political subdivision and make the matching grant in accordance with this section. The development authority shall reduce the balance of the political subdivision's account by the amount of the matching grant approved by the development authority."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1618 as introduced.)

SOLIDAY

Committee Vote: yeas 10, nays 0.

